

Government of the District of Columbia

FY 2005 Proposed Budget and Financial Plan

*Education, Public Safety and
Opportunity for All*

Submitted to the

Congress of the United States

by the

Government of the District of Columbia



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**District of Columbia Government
District of Columbia**

For the Fiscal Year Beginning

October 1, 2003

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the District of Columbia for its annual and capital budget for the fiscal year beginning October 1, 2003.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria of a policy document, a financial plan, an operational guide and a communications device.

The award is the fourth in the history of the District of Columbia, and is valid for a period of one year. The Office of Budget and Planning will submit the FY 2005 Budget and Financial Plan for consideration by GFOA, and believes the FY 2005 Proposed Budget and Financial Plan continues to conform to the GFOA's requirements.

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Deputy Mayor for Public Safety and Justice

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(Interim) Deputy Mayor for Children, Youth,
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FY 2005 Proposed Budget and Financial Plan

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FY 2005 Operating Appendices
FY 2005 - FY 2010 Capital Appendices
FY 2005 - FY 2010 Highway Trust Fund

Transmittal Letter



ANTHONY A. WILLIAMS
MAYOR

June 21, 2004

The Honorable George W. Bush
President of the United States
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Bush:

On behalf of the residents of the District of Columbia I hereby transmit the *Fiscal Year 2005 Budget and Financial Plan*. Over the past year our citizens have articulated their priorities in citizen summits and town hall meetings across the city, and this budget is the manifestation of those discussions. Our residents are calling for better education, public safety, health care and housing, and this budget makes critical investments to improve services in these areas.

The proposed FY 2005 budget supports \$6.26 billion in total funding and supports 34,155 full-time equivalent (FTE) staff. This change represents a 9.2 percent funding increase over the FY 2004 approved budget, and an increase of 287 FTEs. In local funds, this budget proposes \$4.2 billion in funding and supports 26,135 FTEs. This local budget change represents an 8.7 percent funding increase over the FY 2004 approved budget and a decrease of 110 FTEs.

As this budget undergoes consideration by the President and Congress, it should be viewed in the context of the District's three main fiscal goals:

- promoting the fiscal strength of the District despite a difficult national economy and a long-term structural imbalance caused by federal restrictions;
- passing a local funds budget that provides for citizen priorities; and
- seeking critical federal investments relating to services for our residents and our special status as the nation's capital.

The first of these efforts is presented in detail below.

Overcoming Fiscal Challenges

The District has worked hard to overcome many fiscal challenges over the past decade. Some have been of our own making, others have been a matter of circumstance, affecting states and localities across the country, and others have been imposed by the federal government. Under the leadership of the Mayor, Council, and Chief Financial Officer, the District has made a tremendous amount of financial progress over a short period of time, and these accomplishments are even more impressive when viewed in context of the fiscal behavior demonstrated by many other states.

Fiscal year 2003 marked the District's seventh consecutive balanced budget. In April, the District received a two-notch upgrade in our bond rating from Moody's Investor Service and now all three rating agencies rate the District as grade A investment material. Over the last four years, as states and cities have weathered the deepest financial crisis in 60 years, the District has continued to produce balanced budgets and has managed to increase our cash reserves, which totaled over \$250 million at the beginning of this fiscal year. These reserves have served the District well and have contributed to our string of ratings upgrades.

Given these achievements, it is now critical that the President and Congress approve our proposal to restructure our cash reserves. This proposal, which is part of our budget request, would reduce our overall reserve requirement from 7 percent of total expenditures to 6 percent and extend the period over which the District can replenish the reserve from one year to two years. Even with these modifications, the District will have sound and stable cash reserves when compared to states across the country.

The District has also achieved these accomplishments despite a long-term structural imbalance, which is estimated by the General Accounting Office to be between \$470 million and \$1.1 billion per year. The GAO cites multiple factors causing this imbalance: the high cost of providing services in the DC metropolitan area, the relative poverty of our population, and federal restrictions on our revenue collection authority.

This apparent paradox raises the question of how the District is able to achieve remarkable financial performance, yet still face this structural imbalance. The answer is twofold. One, our residents are among the most heavily taxed in the nation, and two, the District is deferring massive investments in critical services and infrastructure. Approximately \$2.5 billion of infrastructure has been deferred, including renovating crumbling schools, repairing the sewer overflow, fixing roads, and putting into place the needed security systems to keep District residents and visitors safe.

As we seek solutions to address the structural imbalance and address our long-standing problems, it is clear that taxing our residents more or providing fewer services are not viable alternatives. Though the GAO report noted areas where the District needs to

improve management efficiencies, the report is quite clear that this deficit would exist under any management structure and even if operational efficiencies were improved even more. One option proposed by the GAO is a change in federal policy to expand the District's tax base or to provide additional financial support.

Earlier this month, at the request of the Senate Appropriations Subcommittee on the District of Columbia, I submitted a report that laid out a comprehensive plan for addressing structural imbalance in the District of Columbia. This report presented several alternatives for addressing the imbalance and highlighted one very promising vehicle, a bill recently introduced by Representative Eleanor Holmes Norton, the "District of Columbia Fair Federal Compensation Act of 2004". This bill would provide the District with an annual dedicated federal payment of \$800 million a year dedicated to transportation projects, debt service payments, public school facilities, or information technology investments. This approach to redressing the District's structural imbalance would allow the federal government to invest in infrastructure that benefits the federal government itself, the Washington metropolitan area, as well as the District of Columbia. It is essential that this legislation receive a full hearing and approval.

In addition to addressing the federal contribution to our budget, we also need to repair the federal *process for reviewing* our budget. Last year, with the President's endorsement, the Senate unanimously passed a budget autonomy act for the District. This legislation, besides being a well-deserved advancement of Home Rule, would significantly streamline and rationalize our budget process by allowing the city to better align local funds with oftentimes unpredictable and shifting needs. This legislation would put a permanent end to long delays where the District budgets resources to respond to new service needs, but those dollars are tied up in seemingly endless continuing resolutions. This bill would also allow the District to better align our fiscal year with the federal grant cycle and school year, as are most local jurisdictions. This would eliminate a massive number of administrative burdens. Therefore, we are hopeful that the House of Representatives will follow the Senate and pass the same bill.

The following section will discuss the Fiscal Year 2005 budget for the District.

Funding Citizen Priorities

Over the past year our citizens have articulated their priorities in citizen summits and town hall meetings across the city, and this budget is the manifestation of those discussions. Our residents are calling for better education, public safety, health care and housing, and this budget makes critical investments to improve services in these areas. As a result, the growth of funding in this budget is focused on improving critical services, perhaps the most important of which is public education. In the following discussion I will present the key initiatives included in this budget.

Education

Over the past five years the District has increased the funding for public education by almost 60 percent. In addition to stabilizing funding for District of Columbia Public Schools despite continuing decline in enrollments, our FY 2005 budget provides record funding for charter schools. Despite these investments, I continue to be concerned with the quality of education we are providing to our children. Our efforts to recruit the best chancellor possible and strengthen the accountability structures around that new position are just part of my effort to improve the educational opportunities available to our children.

In addition, the city remains extremely proud of its robust charter school movement, which educates approximately 20 percent of the school-age children in the city. Over the past five years the local facilities allowance for public charter schools has increased by almost 400 percent, from \$617 per student in 2000 to over \$2,400 per student in the proposed budget before you. The District has also been working closely with the Senate to launch the exciting City Build initiative, which will provide five charter schools with \$1 million for their facilities in the coming months.

In summary, the FY 2005 budget includes several other new education initiatives, including:

- expansion of early childhood education,
- expansion of after-school and out-of-school activities for children and youth,
- creation of 5 new transformation schools in the DC Public School system,
- creation of 8 new public charter schools, and an
- upgrade of school security

In addition, the District's new federally-funded scholarship program is proceeding very well. We look forward to continuing and expanding this partnership with the federal government over the years to come.

Public Safety

Although the District has made significant progress in crime reduction, we must continue to improve the results of our prevention and response efforts. To this end the District continues an aggressive program to improve public safety: we continue to fund 3,800 officers, we have implemented a reorganization of our Patrol Service Areas to enhance police deployment in our neighborhoods, we have established the Office of Unified Communications to coordinate our emergency response, and we have just launched a major new effort to concentrate resources from across the government on crime "hot spots" in order to make fundamental and sustainable change. I also introduced legislation at the end of last year to reform the District's juvenile justice system. This legislation includes key legislative changes that would make the District safer for residents and

victims of crime while providing improved rehabilitation services for our youth. Through these initiatives the District will make great strides to provide a safe and secure city for those who live, visit, and work here.

Opportunity for All

The city is also devoting its efforts to improving services for the District's most vulnerable. This budget includes the following enhancements:

- expanded coverage for traditional Medicaid clients,
- full funding for the Health Care Alliance,
- expanded treatment for the elderly, mentally challenged, and HIV/AIDS patients, and
- facility upgrades at community clinics and "Medical Homes".

In addition, the District is currently undertaking a major enhancement of the Youth Services Administration, which delivers rehabilitation services to offenders below the age of adulthood. The main facility and its program have suffered from historic divestment, and to make immediate improvement I have put in place transitional leadership that has already delivered improvements in the areas of security, treatment, staffing, administration, and licensing. We have also developed a comprehensive plan to best serve our youth and comply with, and ultimately exit, the current outstanding class action litigation. The plan also lays the groundwork for replacing the current Oak Hill facility with a smaller, state-of-the-art youth facility.

Priority Federal Funding for Critical Projects

Our budget includes several requests for funding projects in partnership with the federal government. The President's proposed budget includes funding for several of the District's top priorities, including education funding for public schools, charter schools and private school scholarships; funding for the Combined Sewer Overflow project, which is part of a long-term effort to clean up and revitalize the Anacostia River; and funding for important public safety investments such as the Unified Communications Center and the Fire Department's command center. The District's proposed budget also includes funding requests for several projects at a higher level than the President's mark and for other projects that are not included in the President's budget but are worthy of congressional attention. I would like to emphasize several of them here today:

- **Tuition Assistance Grant Program.** This program will allow 4,000 students to pursue higher education this year – either at public institutions and private historically black colleges around the country as well as local private colleges and universities. This high participation rate, along with rising tuition costs, means that the District will need to restrict payments to students or make the program needs-based for students applying to the program for the 2004/2005 school year unless Congress takes

action to fund the program at a higher level. This would have a devastating impact on the program, which has had such a profound impact on opening up college opportunities to many families for the first time, as well as providing an incentive for middle class families to remain in or relocate to the city. Our budget contains a request to fully fund this program at a level of \$25.6 million above the President's mark of \$17 million. Otherwise we will have to curtail this very successful program.

- **Bioterrorism and Forensics Laboratory.** Every city in the nation has access to such a facility as provided by the state, and major cities have their own. These laboratories are critical to tracing evidence that leads to convicting and incarcerating offenders in cases involving homicide, rape, and other serious offenses. Although the District is given some access to the laboratory managed by the FBI, the available capacity is woefully inadequate, and therefore the District faces a high crime rate without the tools needed to address it.

This laboratory is also essential for assessing, detecting, and addressing bioterrorism attacks. As we have seen with the events of September 11, the anthrax attack, and the ricin scare, the federal government is a natural target for terrorists and the public safety infrastructure of the District of Columbia is the first line of defense. This laboratory would significantly enhance our ability to detect and respond effectively to such threats. Toward this end, we are requesting the \$9 million for the planning and design phase of a bioterrorism and forensics lab.

- **Washington Metropolitan Area Transit Authority Operating Payments.** The District's contribution to WMATA operations will consume \$208.5 of the city's local budget in FY 2005. Because the District is the core of the Washington metropolitan area and the center of federal operations, this investment not only benefits District residents, but it benefits the entire region. Last year, for the first time, Congress contributed \$3 million towards this subsidy. This year, we are asking for full funding for our WMATA subsidy. This support is justified because federal stations, federal workers, and visitors to the federal government constitute a significant amount of the WMATA activity subsidized by the District. Federal support is also justified because mass transit costs are typically funded at the state level; Maryland funds 100 percent of its localities' operating subsidy and Virginia funds half for its jurisdictions. I would argue that inherently unfair allocation of operating expenses allocated among Maryland, Virginia, and the District is a striking example of the structural imbalance and a logical opportunity for the federal government to craft an immediate, partial solution.
- **Downtown Circulator.** The Downtown Circulator project will provide the 22 million visitors to Washington, DC with an inexpensive and easy way to move around the Monumental Core. The service will connect several of the District's most popular destinations for residents, tourists and even federal employees. In the future, the system could also be adopted by federal agencies as a cost-saving replacement for

private vehicle fleets and shuttle services. The federal government provided half a million dollars for this project in FY 2004, and the District is requesting an additional \$1 million in FY 2005, which the District will match with local funds on a one-to-one basis on top of considerable support from the city's tourism and business sectors.

- **Public Safety Event Fund.** This fund was established to fund local costs incurred in response to major federal events, but this year it was seriously under-funded by the President and should be raised to \$25 million in FY 2005. The proposed level of \$15 million would barely cover reimbursement for the District's costs associated with relatively predictable events such as anti-war protests, IMF and World Bank events, and high alert details. It does not account for any cost associated with the presidential inauguration, including payment for officers from outside jurisdictions, the overtime costs of our own police officers, and the additional services from other agencies such as the Fire Department, WMATA, and WASA. In the post-9/11 security environments, total costs will run well over the extra \$10 million that we are requesting.
- **Public School Security.** In the wake of the tragic shooting at Ballou Senior High School on February 2, 2004, we need to redouble our efforts in the area of school security. The approach of city leadership recognizes the critical importance of school principals and school staff in creating a climate of safety and the importance of providing our staff the necessary tools and training. There is currently legislation before Council to transfer the responsibility for school security to the Metropolitan Police Department. While the District is planning on funding the significant operating costs of this initiative, I am requesting federal funding of \$15 million to assist with the one-time start up costs.
- **Adult/Family Literacy Initiative.** This initiative, which was launched by this subcommittee, continues to address a gaping hole in the city's educational infrastructure. The District has leveraged over \$1 million in private assistance with federal appropriations to date and we have used this funding to fund literacy services to 872 adults who otherwise would not have received assistance. We have also recruited, hired, placed and provided professional development for 20 Lifelong Learning Coaches. I am requesting an additional \$2 million to continue our efforts and focus additional efforts on the areas where we have identified significant disparities between the need for literacy services and the availability of those services.

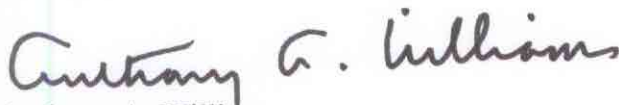
Through these partnerships, the District and Federal governments can ensure that the interests of residents, businesses, visitors, and federal operations will be protected and advanced.

Democracy for the Nation's Capital

Having presented the District's FY 2005 budget and federal request, this discussion must turn to a good that is beyond price, and that is the democratic rights of our citizens. The District is the capital of the world's greatest democracy, and it is the ultimate hypocrisy that its citizens suffer from the exact disenfranchisement this nation was founded to end. The United States is continuing to sacrifice hundreds of lives and billions of dollars to provide Iraqis with freedom and democracy, yet denies full democracy to more than a half a million people at its very heart. I urge you to end this injustice and provide the city with full voting representation in the Congress. Anything short of full democracy for our residents should be at the level of personal outrage for all Americans.

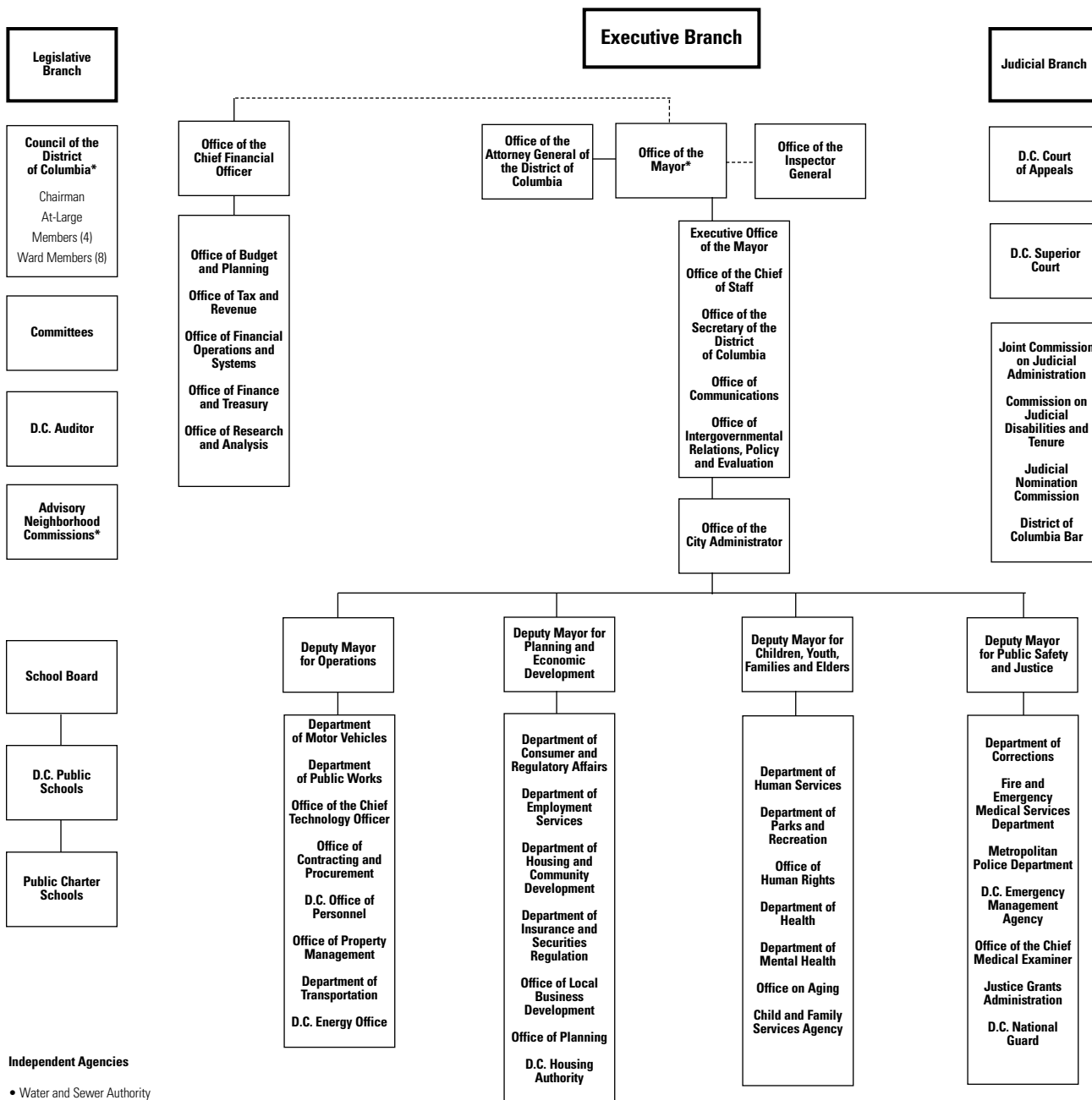
On behalf of the citizens of the District of Columbia, I hereby submit the FY 2005 Budget and Financial Plan for your support and transmittal to Congress.

Sincerely,

A handwritten signature in dark ink, reading "Anthony A. Williams". The signature is written in a cursive, flowing style.

Anthony A. Williams
Mayor

Organization Chart, Government of the District of Columbia



Independent Agencies

- Water and Sewer Authority
- District of Columbia Retirement Board
- Office of Employee Appeals
- Public Employee Relations Board
- Washington Convention Center Authority
- Housing Finance Agency
- Public Defenders Services
- Pretrial Services Agency
- D.C. Lottery and Charitable Games Control Board
- Board of Library Trustees
- University of the District of Columbia Board of Trustees
- D.C. Sports and Entertainment Commission
- Office of the People's Counsel
- D. C. Housing Authority

Charter Independent Agencies

- Zoning Commission
- D.C. Public Schools
- Public Charter Schools
- Public Service Commission
- Board of Elections and Ethics

Regional Bodies

- Metropolitan Washington Council of Governments
- National Capital Planning Commission
- Washington Metropolitan Area Transit Authority
- Washington Metropolitan Area Transit Commission
- Washington Metropolitan Airports Authority

* Elected officials

How to Read the Budget and Financial Plan

How to Read the Budget and Financial Plan

The FY 2005 Proposed Budget and Financial Plan serves as a communication tool for policy priorities, agency operations, program/organizational structures, and performance measures. More important, the budget book is a financial plan that shows sources of revenue and how money was spent. It forecasts economic and financial conditions, current and planned long-term debt financing, policy decisions, and other important financial information to operate the District's government. These elements are essential for accurate financial reporting and sound management of public resources.

How to Read the Budget and Financial Plan describes the sections of this budget volume that define the budget priorities for the District. These sections are consistent with the National Advisory Council on State and Local Budgeting Recommended Budget Practices that call for a presentation of information that provides the reader with a guide to government programs and organizational structure. Additionally, these sections are consistent with the Government Finance Officers Association's standards for the Distinguished Budget Presentation Award, which the District received in December 2003.

The FY 2005 Budget and Financial Plan volume has three sections:

Special Chapters – These provide general budget and financial information, including financial plans, revenues, expenditures and other budget-related initiatives of the District that inform the reader, at a high level, on the state of the District's finances.

Agency Chapters – These are the budgets for all of the District's agencies by appropriation title. Appropriation titles categorize the general

areas of services provided by the District on behalf of its citizens and are listed in the Table of Contents. Examples are Public Safety and Justice and Economic Development and Regulation.

Appendices – These are documents that provide more information about the District's budgetary or financial management policies. In addition, additional information is provided here that enacts the District's budget.

Note: In some cases, financial information, including FTE information, will not sum to totals due to rounding.

Special Chapters

Introduction: FY 2005 Proposed Budget and Financial Plan

This is a narrative and graphic summary of the budget and financial plan. It describes the FY 2005 budget development process and the sources and uses of public funds. It also explains beginning and ending fund balances, and provides an overview of key priorities for FY 2005.

Strategic Budgeting

This chapter describes the initiatives that the District is undertaking to improve budgeting and management of resources. It includes a description of the District's continued efforts and progress in Performance-Based Budgeting (PBB), which is the District's initiative to align resources with results, benchmarking, performance measurement, strategic business planning, and service-level budgeting. In the FY 2005 proposed budget, 57 agency budgets are presented as PBB agencies. PBB will greatly improve the District's ability to make policy and funding decisions based on anticipated results and improve the District's ability to hold program managers accountable for achieving results. In addition, this chapter describes the development of ARGUS, the new budgeting component of the District's Administrative Systems Modernization Program (ASMP).

Financial Plan

This Financial Plan summarizes planned revenues and expenditures for FY 2005-2008. This chapter includes financing sources and uses and assumptions applied to derive the short-term and long-term economic outlook. It also includes an assessment of the impact of budgetary decisions on the financial health of the District.

Revenue

This chapter shows current revenue projections certified by the Office of the Chief Financial Officer (OCFO). It also addresses District's revenue sources, its economy, and the outlook for revenue through FY 2008.

Operating Expenditures

This chapter describes the District's recent local expenditures and future projections. It includes analysis of expenditures between FY 1999 and 2003, both by agency and by expense category such as personnel, supplies, or fixed costs. Finally, it discusses expenditure projections for FY 2006 through 2008, based on the proposed FY 2005 budget, as presented in the financial plan.

Medicaid

This provides an overview of the District's Medicaid program including services provided, expenditures, and benchmarks with surrounding jurisdictions.

Agency Budget Chapters

Agency chapters illustrate available resources, what the resources are spent on, and the outcomes achieved and anticipated as a result of these expenditures. Chapters are grouped by appropriation title and contain the following sections:

Header Information

- Agency name and budget code
- Website address
- FY 2005 proposed operating budget table

Introduction

- Agency mission
- Strategic result goals

Financial and Program Information (includes Full-time Equivalent employment levels)

- Funding by Source
- Expenditure by Comptroller Source Group
- Expenditure by Program (PBB agencies)
 - Program Structure chart
 - Comparison between FY 2004 and FY 2005
 - Program and activity descriptions
 - Program budget summary
 - Program FTE levels
 - Key initiatives in agency (if available)
 - Key result measures aligned with Citywide Priority Areas
- Expenditure (non-PBB agencies)
 - Budget summary
 - Organization chart
 - Program descriptions
 - Key initiatives in agency (if available)
 - Agency goals and performance measures

Changes from the previous year include:

- Continued rolling implementation of Performance-Based Budgeting means that the year of implementation will affect the

amount of performance information presented for an agency. Both actual performance results (where available) and future year targets are provided. Please keep in mind the following:

- Non-PBB agencies - Performance data for FY 2002 through 2006.
- PBB Phase I agencies - Performance data for FY 2004 through 2006.
- PBB Phase II agencies - Performance data for FY 2004 through 2006. (Note: D.C. Public Schools, a Phase II agency, will show data from FY 2003 through 2006).
- PBB Phase III agencies - Performance data for FY 2005 and 2006.
- Each performance measure will have one of the following notations:
 - N/A - Measure did not exist for that year
 - Number - Measure did exist and data is available for that year
 - Dash - Measure did exist for that year, but no data is available.
- The new Agency Financial Operations program will include the cost of OCFO personnel and the cost of OCFO NPS contracts in certain PBB agencies. There are no performance measures associated with this program within individual agencies.
- A new Comptroller Object - 310 and Comptroller Source Group - 0035 for occupancy fixed costs. This expenditure was included in the rent category in prior years.
- For certain agencies within the Public Safety and Justice and Governmental Direction and Support appropriation titles, budget information at the service level is provided in the Special Studies volume.

The remaining sections are the same as previous years, updated in content, to continue the emphasis on program-based financial information and to match the new fiscal reality facing the District. These sections include:

- **An introductory section** (presented on the first page of each narrative). This includes a chart showing operating budget funding, the agency's mission statement and strategic goals.
- **A Funding by Source chart.** This shows the sources of funding Local, Federal, Intra-District.
- **An Expenditures section.** This section includes expenditure data by programs (for PBB agencies only) or by fund (for non-PBB agencies) and a funding narrative that describes overall budget and FTE variances from the prior year and other significant changes at the program, activity or object class level.

To help the reader navigate, an example of an agency narrative, in this case the Department of Public Works, follows. This example follows the PBB format. Callout boxes highlight the features discussed above.

Agency budget code

(KT0)

Department of Public Works

Agency name

www.dpw.dc.gov

Agency Website address

Description	FY 2003 Actual	FY 2004 Approved	FY 2005 Proposed	% Change from FY 2004
Operating Budget:	\$105,006,594	\$107,106,184	\$100,797,244	5.9
FTEs	1,102	1,267	1,316	5.4

The mission of the Department of Public Works is to provide sanitation, parking enforcement, fleet maintenance, and related services to residents, visitors, and businesses to ensure safe, clean, and beautiful neighborhoods.

This shows the agency's FY 2004 approved budget, the FY 2005 proposed budget and the variance from FY 2004 to FY 2005. This includes the agency's operating budget and FTEs.

This describes the agency's mission and purpose.

FTE actuals are the number of Full Time Equivalent positions paid during the last full pay period of FY 2003.

- to fulfill its mission by achieving strategic result goals:
- cleanliness of the District's gateways, high-visibility commercial areas, residential neighborhoods and industrial zones.
- By FY 2005, 90.0 percent of the District's gateways, commercial and residential areas will be rated clean or moderately clean on the Office of the Clean City Coordinator's Environmental rating scale.
- Scheduled services will be delivered in a timely and reliable manner.
 - By FY 2004, 100.0 percent of DPW core services will have published schedules or service delivery expectations.
 - By FY 2005, 95.0 percent of DPW services will be delivered within established time frames.
- DPW will establish training and incentive programs to attract and retain a highly

- By FY 2005, 95.0 percent of DPW staff will have attended at least one training program during the fiscal year.
- By FY 2005, DPW will increase its multilingual personnel by 10.0 percent each year.
- DPW will develop integrated information systems to support business operations.
 - By FY 2005, 100.0 percent of DPW activities will have long-range information systems plans.
- Mission critical equipment will be available for core services.
 - By FY 2005, 95.0 percent of DPW's mission critical equipment will be on an industry standard replacement schedule.
 - By FY 2005, 80.0 percent of DPW equipment and vehicles will have regular preventive maintenance schedules.
 - By FY 2005, 98.0 percent of DPW's mission critical equipment will be available on a daily basis.

How the agency plans to accomplish its mission within two to three years.

Funding by Source

Tables KT0-1 and 2 show the sources of funding and FTEs by fund type for the Department of Public Works.

Table KT0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2002	Actual FY 2003	Approved FY 2004			
Local Fund	0	82,134	81,480			
Special Purpose Revenue Fund	0	6,002	2,219			
Total for General Fund	0	88,136	83,709	86,280	-7,429	-7.9
Federal Payments	0	1,266	0	0	0	0.0
Total for Federal Resources	0	1,266				
Intra-District Fund	0	15,605				
Total for Intra-District Funds	0	15,605				
Total	0	105,007				

Private Funds (not shown in this agency)

Describes funding associated with private donations and grants that are retained by the agency.

Federal Funds (not shown in this agency)

Identifies funding (usually in the form of grants) provided by the federal government to support federally mandated programs, such as Medicaid. These funds are earmarked for a specific purpose or program and cannot be reallocated to other programs.

Presents the agency's total operating budget from each funding source (from Local revenue, Federal and Private grants, Special Purpose Revenue, and Intra-District sources). Shown is a comparison of the FY 2002 actual, FY 2003 actual, FY 2004 approved, and FY 2005 proposed budgets.

Employment Levels

	Actual 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
	0	984	1,124	1,211	87	7.7
Special Purpose Revenue Fund	0	22	23	8	-15	-65.2
Total for General Fund	0	1,006	1,147	1,219	72	6.3
Intra-District Funds						
Intra-District Fund	0	96	120	117	-3	-2.5
Total for Intra-District Funds	0	96	120	117	-3	-2.5
Total Proposed FTEs	0	1,102	1,267	1,336	69	5.4

This lists the agency's FTEs for two prior years, the current year, and upcoming fiscal year by fund type.

Expenditures by Comptroller Source Group

Table KT0-3 shows the FY 2005 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table KT0-3

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
11 Regular Pay - Cont Full Time	0	38,477	38,840	48,124	11,284	30.6
12 Regular Pay - Other	0	1,928	6,831	235	-6,596	-96.5
13 Additional Gross Pay	0	903	1817	1,245	-600	-67.2
14 Fringe Benefits - Cont Personnel	0	8,374	8,568	9,197	2,629	40.0
15 Overtime Pay	0	3,980	1,886	2,959	1,073	56.9
Subtotal Personal Services (PS)	0	53,672	52,771	61,761	8,990	17.0
20 Supplies And Materials	0	3,659	3,827	3,131	-696	-18.2
30 Energy, Comm. And Bldg Rentals	0	6,350	6,999	6,599	-400	-5.7
31 Telephone, Telegraph, Telegram, Etc	0	0	0	0	0	0.0
32 Rentals - Land And Structures	0	2,997	0	0	0	0.0
33 Janitorial Services	0	276	0	0	0	0.0
34 Security Services	0	2,729	0	0	0	0.0
35 Occupancy Fixed Costs	0	0	0	0	0	0.0
40 Other Services And Charges	0	8,695	8,384	6,919	-1,465	-16.7
41 Contractual Services - Other	0	16,979	17,030	14,401	-2,629	-15.4
70 Equipment & Equipment Rental	0	2,986	3,901	3,101	-800	-11.4
80 Debt Service	0	8,035	11,795	0	-11,795	-100.0
Subtotal Nonpersonal Services (NPS)	0	51,300	54,300	45,520	-8,780	-16.2
Total Proposed Operating Budget	0	105,007	107,100	107,281	181	0.2

Lists the agency's expenditures for FY 2003 actual, FY 2004 approved, and FY 2005 proposed at the Comptroller Source Group level. Percent change is based on whole dollars.

Local Funds

Describes Local dollars or general fund dollars associated with the agency and the FTEs supported by the fund. Local dollars consist of tax and nontax revenues that are not earmarked for particular purposes and are allocated to fund District programs.

General Funds

Local Funds. The proposed budget is \$83,487,062, representing a change of 8.7 percent from the FY 2004 budget of \$91,490,192. There are 1,211.9 FTEs for this fund, an increase of 87.9 from FY 2004.

Special Purpose Revenue Funds. The proposed budget is \$2,793,000 representing a change of 25.9 percent from the FY 2004 budget of \$2,219,085. There are 8.0 FTEs for this fund, a decrease of 15.0 from FY 2004.

Special Purpose Revenue Funds
Discusses funding for associated charges for services that are retained by the agency to cover the cost of the service provided, such as refuse collection fees.

2004 Gross Funds budget of \$107,106,184.

Program chart

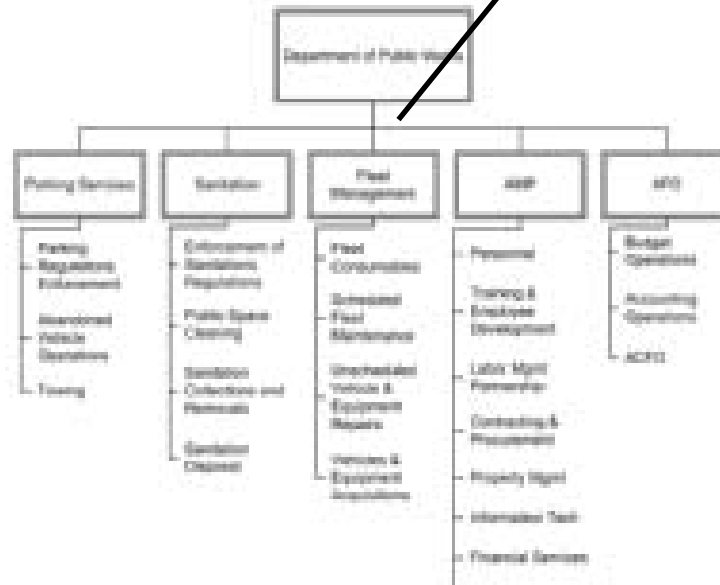
Displays the structure of the agency and shows names of the program areas within the agency. Each agency has at least one program area (an organization chart is provided for non-PBB agencies).

Expenditure by Program

This funding is budgeted by program and the Department structure.

Figure KTB-1

Department of Public Works



Intra-District Funds
Depicts funding for services between District agencies.

Programs (PBB Agencies)

Shows the agency's program gross funding and full-time equivalent (FTE) positions, and a brief description of the program and significant activities and services.

Intra- District Funds

The proposed budget is \$14,517,182, representing a change of 8.4 percent from the FY 2004 budget of \$13,396,907. There are 117.0 FTEs for this fund, no change from FY 2004.

Programs

The Department of Public Works is committed to the following programs:

Sanitation Services

	FY 2004	FY 2005
Budget	\$9,759,110	\$9,185,570
FTEs	662.0	662.0

Program Description

The Sanitation Services program manages the collection and disposal of solid waste (trash and recycling) from residential, commercial, and industrial sources. The program also manages the collection and disposal of liquid waste (sewage) from residential and commercial sources. The program is responsible for the maintenance and operation of the city's sanitation facilities, including the collection and disposal of solid waste, the collection and disposal of liquid waste, and the maintenance and operation of the city's sanitation facilities.

This provides an overall budgeted funding level and number of approved full-time equivalent employees (FTEs) for FY 2004 to FY 2005 for specific programs (PBB only).

400 miles of alleys within the District of Columbia. A full array of solid waste and recycling services are provided through the following four activities:

- **Enforcement of Sanitation Regulations** - provides inspection and enforcement services for residents, visitors, and businesses so they can enjoy a safe and clean environment, free from illegally discarded trash and debris.
- **Public Space Cleaning** - provides comprehensive street and alley cleaning services for residents, visitors, and businesses so they can live, work, and play in clean neighborhoods.
- **Sanitation Collections & Removals** - provides solid waste collection services for residents of single-family homes so they can have their trash and recyclables collected conveniently.
- **Sanitation Disposal** - provides solid waste disposal services so that DPW and other D.C. residents can unload and dispose of their trash conveniently and legally.

Program Budget Summary

This program has a gross funds increase of \$2,427,419 or 5.2 percent over the FY 2004 approved budget of \$46,758,151. The gross budget supports 691 FTEs, an increase of 29 from the FY 2004 approved level. Changes from the FY 2004 approved budget include:

- Increase in PS costs due to pay raise adjustments.
- Shift of NPS funding from other programs to PS to fund overtime costs, which is historically under funded.
- An increase of \$1,119,935 in personal services and net increase of 29 FTEs to bring the recycling program in-house.

Key initiatives associated with the Sanitation Services program in FY 2005 are:

- Contract in the residential recycling program serving the District's outer ring using single stream technology to increase the diversion rate.
- Complete relocation to the Fort Totten and Benning Road transfer stations to restore these facilities to their intended throughput

capacity

- Develop in-house capacity to remove graffiti from public space within 72 hours of the report of the incident.

Key Result Measures

Program 1: Sanitation Services

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Tom Henderson, Solid Waste Administrator

Supervisor(s): Leslie Houding, DPW Agency Director

Measure 1.1: Percent of B.C. gateways, commercial and residential areas rated "clean" and "moderately clean"

	Fiscal Year			
	2003	2004	2005	2006
Target	94	97	97	97
Actual	95.3	-	-	-

Note: FY 2005 target reduced to 95 from 97 at request of agency (1/8/04)

Measure 1.2: Percent of trash collection during scheduled hours

	Fiscal Year			
	2003	2004	2005	2006
Target	94	97	97	97
Actual	95.3	-	-	-

Measure 1.3: Percent of bulk pick-ups collected within 10 days of customer's request

	Fiscal Year			
	2003	2004	2005	2006
Target	97	97	97	97
Actual	94.5	-	-	-

Measure 1.4: Percent of waste transferred within the same business day

	Fiscal Year			
	2003	2004	2005	2006
Target	95	95	95	98
Actual	91.3	-	-	-

Note: FY 2005 target reduced to 95 from 98 at request of agency (1/8/04)

Measure 1.5: Percent of sanitation enforcement requests investigated within five business days

	Fiscal Year			
	2003	2004	2005	2006
Target	90	90	95	90
Actual	90.5	-	-	-

Program Budget Summary

Shows program changes by fund and highlights major cost drivers at the activity level.

(Expenditures by fund and object class provided for non-PBB agencies).

Measure 4.2: Cost of Risk

	Fiscal Year			
	2003	2004	2005	2006
Target	-	-	-	-
Actual	N/A	-	-	-

Note: This measure indicates "Percent reduction of employees lost work-day injury costs." Cost of Risk will be a comprehensive measure of a wide range of risks confronting each agency, including but not limited to safety issues, financial risks, and potential litigation. Agencies will establish a baseline in FY 2004 (FY 2005 for PSB-IT agencies) and will seek to achieve reductions in the Cost-of-Risk in subsequent years. Lost workdays due to injuries will be one of many components of the Cost of Risk formula (1/9/05).

Measure 4.4: Rating of 4-5 on all four telephone service quality criteria: 1) Courtesy, 2) Knowledge, 3) Etiquette and 4) Overall Impression

	Fiscal Year			
	2003	2004	2005	2006
Target	-	-	-	-
Actual	N/A	-	-	-

Measure 4.5: Percent of Key Result Measures achieved

	Fiscal Year			
	2003	2004	2005	2006
Target	70	70	70	70
Actual	54	-	-	-

Measure 4.6: Percent of OPW personnel attending at least one training program during the fiscal year

	Fiscal Year			
	2003	2004	2005	2006
Target	80	80	80	80
Actual	89	-	-	-

Agency Financial Operations

	FY 2004	FY 2005
Budget	\$17,054,889	\$2,950,000
FTEs	11.0	43.0

Note: FY 2004 program funding levels are presented for comparison purposes only. The Agency Financial Operations program did not exist for FY 2004 as it is new for PSB agencies in FY 2005.

Program Description

The Agency Financial Operations program provides financial services, formulates policies and procedures, and leads the integration of financial and service delivery planning and support. The program strives to achieve this integration by processing payments in a timely manner, providing accurate forecasting of expenditures and revenues, and proceeding with timely and accurate reconciliation of financial challenges and customer inquiries. This program consists of the following activity:

• **Financial Services** - provides financial services, formulates policies and procedures, and leads the integration of financial and service delivery planning and support.

- **Financial Services** - provides financial services, formulates policies and procedures, and leads the integration of financial and service delivery planning and support.

Program Budget Summary

This program has a Local funds decrease of \$14,678,275, or 85.0 percent from the FY 2004 approved budget of \$17,054,889. This change is due primarily to the removal of \$11,795,675 in debt service costs, which will be centrally budgeted in the Office of Finance and Treasury in FY 2005. Additionally, fixed costs totaling \$2,746,759 move into the Agency Management Program. The gross budget supports 37.0 FTEs, no change from the FY 2004 approved level.

Key initiatives associated with the Agency Financial Operations program in FY 2005 are:

- Establish a collaborative program and financial partnership that results in a fixed asset inventory and a method for accurately reporting property acquisition and disposition.
- Publish comprehensive quarterly and annual

Agency Financial Operations Program identifies the costs associated with all positions that report to the Chief Financial Officer for the District of Columbia.

PSB in the FY 2005 Operating Appendices volumes.